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C O N F I D E N T I A L SECTION 01 OF 02 VIENTIANE 000068

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DEPARTMENT FOR EAP/MLS (EMERY)

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SUBJECT: LAO INGO POLICY: OVERSIGHT VS. EFFICIENCY

Classified By: Ambassador Ravic R. Huso for reasons 1.4 (b) and (d)

¶1. (C) SUMMARY: The Lao Foreign Minister led an unusually high profile and public February 5-6 consultative discussion about proposed revision of the Prime Minister's Decree 71, which regulates registration and operation of international NGOs (INGOs) in Laos. Also attending were vice ministers from line ministries, vice governors from all provinces in Laos, and representatives from the more than 160 INGOs now registered in Laos as well as UN and diplomatic officials. Although the Lao officials praised INGO contributions in Laos, they also called for more accountability and sustainability from INGO projects. This two-day conference had originally been called to unveil the revised Decree 71, but negative reactions from the INGO community to the draft circulated in advance led the Lao side to take a more measured approach. The main INGO concern in the past has been the extended time required to gain GOL approval for new INGO activities, and INGO representatives voiced fears that a new version of the decree might further slow down the process. Formation of a joint working group to discuss the competing concerns of the two sides is the next step. End summary.

¶2. (C) Lao Deputy Prime Minister and Foreign Minister Dr. Thongloun Sisoulith chaired the first ever National Conference on Cooperation between the Government of Laos (GOL) and international NGOs (INGOs) in Vientiane February 5-6. More than 160 INGOs are currently active in Laos according to MFA data -- including 34 from the United States. INGOs provide approximately USD 35 million in desperately needed development assistance to Laos annually. The meeting focus was on proposed revision to the 1998 Prime Minister's Decree 71 on the Administration of NGOs in Laos. Decree 71 established a three-step process for an NGO to gain permission to work in Laos: obtaining an "operation permit" which allows an NGO to meet with GOL organizations to begin drafting a project proposal; then a "project office permit" which allows implementation of project activities; and finally, after carrying out projects in Laos successfully for five years, a "representative office permit" which allows an NGO full status.

GOL: We love INGO assistance, but more accountability needed

¶3. (SBU) Demonstrating the serious nature of this conference, DPM/FM Thongloun was accompanied by two of the three Vice Foreign Ministers -- Ambassador Hiem Phommachanh and Bounkeut Sangsomsack; the Assistant Foreign Minister -- Alounkeo Kittikhoun; and the senior official who actually manages INGO proposals made under Decree 71 -- MFA International Organizations Department Director General Saleumxay Kommasith. In addition, a number of vice ministers from line ministries and vice-governors from all of Laos's 16 provinces attended, with several of each speaking during a session

reviewing current INGO projects. Lao officials praised the contributions of INGOs to Lao development, but also stressed the need for more accountability and sustainability of NGO programs, as well as for longer-term commitments. They also called for better coordination among the central and provincial governments and the INGOs. Some also criticized certain INGOs for having very high administrative costs, reducing the assistance reaching people in their project areas. All the vice-governors, however, emphasized that their provinces would welcome increased assistance from INGOs.

14. (C) According to VFM Bounkeut, whose portfolios include supervising the Department of International Organizations, Decree 71 needs revision because it is not sufficiently detailed and many elements are unclear. Based on "present realities," the decree needs to be revised, for example, to better distinguish among INGOs, associations, foundations, and clubs. The rights given to approved NGOs as well as their responsibilities need to be better specified. The revised process will fall under the supervision of a new committee made up of twelve senior officials representing various ministries.

Internationals: Approval process slowing assistance delivery

15. (C) The Australian Ambassador noted that Australia will increase its international assistance through INGOs to achieve Millennium Development Goals. She called for a streamlined process for registration of INGOs and their

VIENTIANE 00000068 002 OF 002

projects and cautioned against "overloading partners with the process." While noting the need for better INGO coordination and accountability, the UNDP Resident Representative stressed the revisions to Decree 71 should "speed, streamline, and improve" the INGO approval process. She offered UN assistance in drafting implementing regulations. The EU Charge d'Affaires also called for simplified registration procedures and suggested a revised decree also consider allowing the registration of local NGOs. Speakers from the INGO community: asked that the new Lao 12-member senior committee be made responsible for policy rather than actual process management to avoid slowing down the INGO registration process; asked for a standardized registration format; and requested that the GOL formally recognize the current INGO Network in Laos -- now limited to informal linkages among INGOs and between INGOs and the GOL.

16. (C) Note: In side conversations, the INGO representatives expressed concern to PolOff about the GOL decision to revise Decree 71 to define the approval process in greater detail and to add a supervisory committee. Under the current Decree 71 process, a number of INGOs in the recent past have been required to wait for more than one year before finally receiving permission to undertake projects. More than 80 INGO representatives attended the conference. End note.

Next: Joint Working Group

17. (C) DPM/FM Thongloun said the next step would be a joint working group (JWG) to review the revised Decree 71 text article by article. In response to a suggestion from the EU Charge, he agreed that representatives of donor countries would be invited to join the JWG along with GOL and INGO representatives.

COMMENT

18. (C) Although the Embassy has seen greater flexibility recently from the GOL in a number of areas related to our own bilateral assistance, INGO representatives indicated that

working in the field in Laos is as difficult as ever, with the process of registering INGOs, setting up Memoranda of Understanding (MOUs), and gaining approval for new projects requiring extraordinary patience. Some INGOs receiving one-year funding to undertake projects in Laos have been unable to receive GOL permission before their funding expires. And despite some critical comments from the vice-governors and other officials during the conference, the INGO representatives were clear that the difficulties came from the central-level officials controlling the registration process. MFA contacts, meanwhile, have expressed their frustration at trying to keep track with limited personnel of the many projects being carried out by a mushrooming multitude of well-meaning foreigners.

19. (C) That said, holding a consultative National Conference of this kind is a novel proceeding for Laos and one that the INGOs welcomed. We were told that DPM/FM Thongloun had originally scheduled this conference to actually release the finalized revised Decree 71. The text had been circulated in advance, but the reaction of the INGO community was apparently quite negative. In the end, the conference evolved into discussing the need for revisions to the original decree. The JWG will have many issues to thrash out, with the most important being how to balance the competing objectives of adequate oversight and efficient, timely development project implementation. Whatever the text of the final revised decree, of course, its implementation - rather than just the text itself - will be key.

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